



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

October 6, 2005

Number: **INFO 2005-0201**  
Release Date: 12/30/05  
CONEX-146558-05/CC:PSI:B8  
UIL: 9999.98-00

The Honorable Arlen Specter  
United States Senator  
800 Arch Street, Suite 9400  
Philadelphia, PA 19106

Attn: John Schnaedler

Dear Senator Specter:

I apologize for the delay in responding to your letter dated July 29, 2005, on behalf of your constituent, . asked for current information on the federal excise tax imposed on communications services.

The Internal Revenue Code imposes a 3 percent excise tax on amounts paid for local and toll telephone service (Section 4251). The service provider collects the tax from the person making the payment (Section 4291).

The Congress first enacted the excise tax in the Spanish War Act in 1898 and repealed it in 1902. The Congress reimposed and repealed the tax several times since 1914, and although the tax rate and the types of taxable service have changed, the tax has been in effect continually since 1941. Most recently, the communications tax was scheduled to expire in 1991, and the Congress permanently extended it in the Omnibus Budget Reconciliation Act of 1990, Pub. L. 101-508.

Since 1990, various members of the Congress have introduced bills calling for the repeal of the excise tax on communications services. None have passed.

We announced in Notice 2004-57, 2004-34 I.R.B. 376, that telecommunications providers should continue to collect and pay over the excise tax on taxable communications services. We have published nothing further, therefore, the notice is the current position of the IRS.

I hope this information is helpful. If you have any questions, please call me at

Sincerely,

Heather C. Maloy  
Associate Chief Counsel  
(Passthroughs and Special Industries)